

Internal Revenue Service
Regional Commissioner

Department of the Treasury

Date: JUL 7 1981

Employer Identification Number: [REDACTED]

Form Number: 1023

Tax Years:

Key District: [REDACTED]

Person to Contact: [REDACTED]

Contact Telephone Number: [REDACTED]

Gentlemen:

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reason(s):

1. The primary purpose of your organization is to conduct an ordinary commercial consulting enterprise in competition with other commercial firms, and
2. Your articles of organization do not make proper provision for the distribution of assets on dissolution.

Contributions to your organization are not deductible under Code section 170.

You are required to file Federal income tax returns on the form indicated above. Based on the financial information you furnished, it appears that returns should be filed for the above years. You should file these returns with your key District Director, EP/EO Division, within 30 days from the date of this letter, unless a request for an extension of time is granted. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428. You should file returns for later tax years with the appropriate service center shown in the instructions for those returns.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

(over)

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A large black rectangular redaction box covering the signature of the Chief, Appeals Office.

Chief, Appeals Office

Photocopy of letter to:

A large black rectangular redaction box covering the name of the recipient of the photocopy.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
OCT 22 1980

Dear Applicant:

Your application for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code has been considered.

The information you submitted discloses that you were incorporated under Chapter [REDACTED] of the [REDACTED] Statutes. Your purposes, as stated in your Articles of Incorporation, are: 1) To establish a network of informational, technical, fiscal and other services for artists and arts producers which is designed to: Increase the management skill of artists and arts producers in the areas of grantsmanship, audience development, program planning and fiscal planning; increase their awareness of and accessibility to existing programs and services available to them; improve the technical skills of artists and arts producers and to improve the quality of art being produced; and serve the various needs of the artistic community in [REDACTED] and other places and, 2) To provide other services for purposes of promoting artistic, civic and community welfare.

Section 501(c)(3) of the Internal Revenue Code exempts from Federal income tax:

"Corporations and any community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations states that an organization which is organized and operated for the primary purpose of carrying on a trade or business is not exempt under Section 501(c)(3) of the code, even though it has exempt purposes, its property is held in common and its profits do not inure to the benefit of individual members of the organization. Section 1.501(c)(3)-1 of the Income Tax Regulations also provides that an organization is not exempt unless it serves a public rather than a private interest.

Your proposed activities are primarily to provide consulting services to artists and arts producers. Your organization will be operated as a trade or business inasmuch as you indicate your recipients will be required to reimburse you for all expenses incurred on their behalf and will pay a consulting fee of \$[REDACTED] per hour to be paid to the consultants who render the service.

Therefore, it has been determined that you do not qualify for exemption under Section 501(c)(3) of the Internal Revenue Code. You are required to file Federal income tax returns, Form 1120.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7429(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

On final determination, copies of this letter will be forwarded to appropriate State officials in accordance with Section 6104(c) of the Internal Revenue Code.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,

[REDACTED]
[REDACTED]
District Director

Enclosure:
Publication 592

[REDACTED]
[REDACTED]
[REDACTED]
Chief, Technical Staff, Rm. [REDACTED]

December 12, 1979

Dear Applicant:

Your application for exemption from Federal income tax under Section 501 (c)(4) of the Internal Revenue Code has been considered.

The information you submitted discloses that you were incorporated under Chapter [REDACTED] of the [REDACTED] Statutes. Your purposes, as stated in your Articles of Incorporation, are: 1) To establish a network of informational, technical, fiscal and other services for artists and arts producers which is designed to: increase the management skill of artists and arts producers in the areas of grantmanship, audience development, program planning and fiscal planning; increase their awareness of and accessibility to existing programs and services available to them; improve the technical skills of artists and arts producers and to improve the quality of art being produced; and serve the various needs of the artistic community in [REDACTED] and other places and, 2) To provide other services for purposes of promoting artistic, civic and community welfare.

The information further indicates that the activities which you intend to carry on are offering various consulting services to the creative and performing arts community with respect to leases and contracts, places and spaces, grantmanship, audience development, the formation of goals and objectives, use of volunteers, public relations, financial management, and fund raising. Fees will be charged for these services. Your proposed two year budget indicates that you anticipate the fees for services will equal your expenditures for the first year, and will exceed your expenditures for the second year.

Section 501(c)(4) of the Internal Revenue Code describes civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2) states that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.

[REDACTED]

Your proposed activities are to provide consulting services to artists and arts producers for a fee. Providing consulting services for a fee is trade or business ordinarily carried on for profit and does not meet the definition of promoting the common good and general welfare of the community.

Therefore, it has been determined that you do not qualify for exemption under Section 501(c)(4) of the Internal Revenue Code. You are required to file Federal income tax returns, Form 1120.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence on enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,

[REDACTED]

[REDACTED]

District Director

Enclosure:
Publication 892